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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of)
)
Policies and Rules Regarding)
Minority and Female Ownership)
of Mass Media Facilities)

MM Docket Nos. 94-149
and 91-140

COMMENTS OF
THE NATIONAL ASSOCIATION OF MINORITIES IN CABLE, INC.

The National Association of Minorities in Cable, Inc. ("NAMIC") hereby submits its comments in the above-captioned proceeding. NAMIC is a national non-profit organization that serves the unique concerns of minority professionals in the cable television industry. Founded in 1980, NAMIC promotes minority participation and diversity in the industry, sponsors management and career development seminars, and presents a variety of programs on issues of mutual interest to minority entrepreneurs, cable professionals and the industry-at-large. NAMIC chapters in New York, California, Colorado, Pennsylvania, New England, Florida, Chicago, Atlanta, Washington, D.C. and other areas actively promote the association's mission in their communities.

INTRODUCTION

NAMIC commends the Commission for undertaking this proceeding to explore new ways for minorities and women to enter the mass media industry. We fully support governmental efforts to increase opportunities for minority ownership of our nation's communications infrastructure. By adopting concrete steps to

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achieve this goal, the Commission will promote a diversity of viewpoints that will serve the interests of all Americans.

The recent demise of the Commission's minority tax certificate program was a major set-back in the drive to increase minority ownership of mass media facilities. This meaningful and cost-effective program provided minority entrepreneurs with a real chance to enter the highly competitive communications marketplace. While the program may have had flaws, we believe that it can be effectively modified to forestall any potential abuses. NAMIC therefore encourages the FCC to seek legislative and executive authority to reinstitute the program.

As described below, we also support other incentives such as the incubator concept and creative funding mechanisms. And as the telecommunications industry evolves, with traditional lines of service blurring and converging, we urge the FCC to extend its minority ownership policies to emerging technologies, including content providers.

I. Access to Capital

As the Notice recognizes, access to capital has been a long-standing, systemic problem for minority entrepreneurs seeking to enter the communications marketplace. Minorities traditionally have inadequate existing capital and are often denied access to additional debt or equity capital. Given the high level of capital required to own and operate mass media outlets, including broadcast stations, cable television systems and other broadband distribution systems (DBS, MMDS and new wireless technologies), we believe that absent major government initiatives and private sector commitment minority firms will continue to be foreclosed from significant participation in this industry.

The Commission has already adopted one measure to promote minority ownership of cable systems under its cable ownership rules.¹ Under the rules, cable companies are allowed to exceed the percentage of cable homes passed nationally from a maximum of 30 percent to 35 percent, provided such additional cable systems are minority-controlled.² This policy was adopted on the premise that "minority ownership is a significant means of fostering the inclusion of a diversity of views in cable programming."³ While NAMIC strongly supports this policy, we believe that additional incentives are needed to promote MSO investment in minority-owned cable systems before this ownership cap is reached.

In this regard, NAMIC supports the recommendations of the Minority Business Enterprise Legal Defense and Education Fund, Inc. ("MBELDEF") to increase participation by minorities in the media marketplace,⁴ including the establishment of incubator programs and other incentives for majority-owned companies.

For example, NAMIC advocates the availability of low-interest loans and loan guarantees for MSO joint ventures with minority entrepreneurs, as well as direct equity investments. We also support management and technical assistance programs (including mentoring programs, on-the-job training, and educational

¹ In the Matter of Implementation of Sections 11 and 13 of the Cable Television Consumer Protection and Competition Act of 1992, Horizontal and Vertical Ownership Limits, MM Docket No. 92-264, "Second Report and Order", released October 22, 1993, at para. 28.

² Id.

³ Id. In addition, the cable vertical ownership rules allow carriage of vertically-integrated video programming services on two additional channels or up to 45 percent of a cable system's channel capacity, provided such additional video programming services are minority-controlled.

⁴ NAMIC is a signatory on the comments filed by MBELDEF in this proceeding.

programs in such areas as business planning and operations) that will give minorities the skills and expertise to become more attractive to lending institutions. We believe, as suggested by the Commission, that measurable tests should be adopted to determine whether an incubator program qualifies for any benefits.⁵

NAMIC continues to believe that tax certificates and investment tax credits are an important avenue to encouraging real involvement by existing media companies in minority ownership. Tax certificates should be provided, for example, to companies which reinvest proceeds from the sale of a facility into new incubator initiatives or to minority firms which reinvest proceeds from the sale of a facility into property of greater value. In sum, as noted above, NAMIC urges the Commission to seek to reestablish minority tax certificate policy with certain safeguards to ensure that the program meets its goals.

As MBELDEF and other organizations have recommended, NAMIC also supports the creation of a minority mass media bank that would be funded by majority-owned companies. Under this concept, as with other initiatives, the government would provide incentives for major well-funded companies to provide investment capital. The statutorily-created bank would provide efficiencies and could serve as the central mechanism for facilitating minority entry. Nonetheless, the Commission should develop a variety of other incentive programs in recognition that different investors need different incentives to realize true value from their investment.

⁵ We do not believe that incubator programs should be processed through SBICs or SSBICs.

II. Emerging Technologies and Content Providers

As the Notice indicates, minority ownership policies are directed primarily to mass media facilities such as television and radio stations, cable television systems and other regulated industries. Personal communications services ("PCS") and other emerging technologies have presented new opportunities for the Commission to ameliorate the lack of significant minority ownership in the telecommunications industry.⁶ The advent of personal digital technologies, (including personal computers, on-line services, multimedia applications and the processing systems of tomorrow), and the development of interactive broadband distribution systems provides still greater opportunities for minority entrepreneurs of the future.

NAMIC hopes that the Commission will find new approaches to promoting minority participation in these new technologies and services. Given that content (programming and services) will be a key differentiator of the competing broadband distribution systems, NAMIC encourages the Commission to consider incentives to increase minority-owned cable programming networks and other services, as well as facilities. The incubator concept and other incentive programs described above should, where feasible, be extended to these entities.


⁶ See Fifth Memorandum Opinion and Order, In the Matter of Amendment of the Commission's Rules to Establish New Personal Communications Services, Gen. Docket No. 90-314.

CONCLUSION

For the foregoing reasons, NAMIC supports policies and programs to ensure that minority groups are able to compete in the burgeoning and ever-evolving communications marketplace.

Respectfully submitted,

NATIONAL ASSOCIATION OF
MINORITIES IN CABLE, INC.



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